

# Q1 2022 Results

## LANXESS Group

**LANXESS**

Energizing Chemistry

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**Significant EBITDA pre increase due to pricing and portfolio effect – Raw material and energy price increases passed through**

	Q1 2021	Q1 2022	Δ	Comments
<b>Sales</b>	€1,693 m	<b>€2,432 m</b>	+44%	↑ Substantially higher sales in all segments again due to successful pass-through of higher raw material and energy prices, support from portfolio effect and FX
<b>EBITDA pre</b>	€242 m	<b>€320 m</b>	+32%	↑ Significant EBITDA pre rise due to good operating performance in all segments and contribution from acquired businesses, partly offset by logistical constraints
<b>Margin</b>	14.3%	<b>13.2%</b>	-1.1 pp.	↓ Full pass-through of inflated input costs weighs on margins arithmetically
<b>EPS pre</b>	€1.17	<b>€1.63</b>	+39%	↑ According to EBITDA pre improvement
<b>Operating cash flow</b>	€33 m	<b>-€177 m</b>	>-100%	↓ Operating cash flow burdened by increase in working capital due to: Higher inventories driven by - Massive increase in input costs - Build-up of safety stocks due to preparation for SAP go-live in Q2 and advanced shutdowns
<b>Net financial debt*</b>	Dec 2021 €2,245 m	<b>Mar 2022 €2,501 m</b>	+11%	↑ Strongly inflated input prices drive inventories and receivables, leading to higher financial debt
<b>Capex</b>	€70 m	<b>€63 m</b>	-10%	

**Sales +44%**    Price +31%    Volume +1%    Currency +4%    Portfolio +8%

\* Including cash, cash equivalents, near cash assets, short-term money market investments

## Advanced Intermediates

Ongoing strong price increases - Higher raw material and energy prices successfully passed on



- Considerable sales increase due to significantly higher prices based on successful raw material and energy price pass-through in both BUs
- Volumes compare with a very strong previous year
- Catch-up effect: Improved EBITDA pre driven by raw material and energy price pass-through with time lag
- Margin diluted arithmetically

<b>Sales</b>	<b>+ 36%</b>							
						<b>Q1 2021</b>	<b>Q1 2022</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€70 m	€87 m	
<b>+ 36%</b>	<b>- 3%</b>	<b>+ 3%</b>	<b>0%</b>		<b>margin</b>	15.5%	14.2%	

## Consumer Protection

Soft start into the year - Acquired businesses contribute as expected

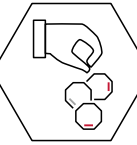


- Significant sales increase due to new BU F&F and successful pricing
- EBITDA pre of BU SGO lagging behind on energy price pass-through and still burdened from CURRENTA waste management outage
- Margin additionally diluted by arithmetic effect of pass-through of input cost increases

<b>Sales</b>	<b>+ 48%</b>							
						<b>Q1 2021</b>	<b>Q1 2022</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€76 m	€86 m	
<b>+ 18%</b>	<b>- 4%</b>	<b>+ 2%</b>	<b>+ 32%</b>		<b>margin</b>	22.3%	17.0%	

## Specialty Additives

Strong rebound - All BUs with considerable earnings growth



- Improved sales driven by catch-up on pricing and strong volume growth in BU PLA and BU LAB
- Ongoing recovery in aviation and oil & gas
- EBITDA pre and margin boosted by pricing and volumes compared to burdened previous year (US blizzard) and catch up after weak Q4

<b>Sales</b>	<b>+ 41%</b>							
						<b>Q1 2021</b>	<b>Q1 2022</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€74 m	€136 m	
<b>+ 22%</b>	<b>+ 10%</b>	<b>+ 6%</b>	<b>+ 3%</b>		<b>margin</b>	14.3%	18.6%	

## Engineering Materials

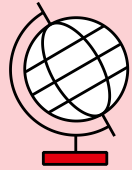
Solid earnings development, environment getting tougher - Continued strong pricing



- Sales boost driven by successful raw material and energy price pass-through and FX
- Impact from semiconductor shortage and China lockdowns start to become visible on automotive production
- Increased EBITDA pre due to successful pricing
- Margin lower due to higher logistic costs and arithmetic effect

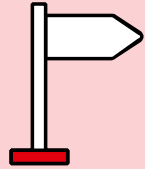
<b>Sales</b>	<b>+ 53%</b>							
						<b>Q1 2021</b>	<b>Q1 2022</b>	
Price	Volume	Currency	Portfolio		<b>EBITDA pre</b>	€59 m	€67 m	
<b>+ 49%</b>	<b>- 1%</b>	<b>+ 5%</b>	<b>0%</b>		<b>margin</b>	15.6%	11.6%	

# Good start in 2022 but high uncertainty due to Russia-Ukraine war



## Current view on economy

- Currently still stable development of global economy becomes more fragile, increasing uncertainty from Russia-Ukraine war and China's zero Covid policy
- Ongoing challenges
  - Further high level of energy and raw material costs
  - Disruptions in global supply chains (at least until second half of 2022)

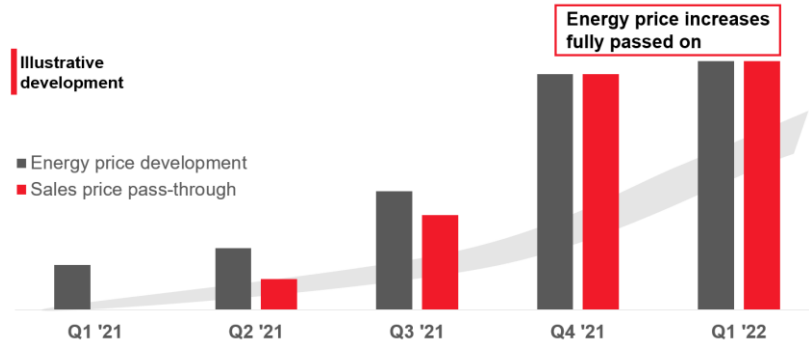


## LANXESS outlook

- Q2 2022: €280-350 m EBITDA pre
- FY 2022 EBITDA pre confirmed: significantly above previous year
  - Not yet included: Microbial Control business of IFF (closing expected in Q3)

All currently known information considered in guidance

## Pass-through of higher energy costs implemented



- Potential gas embargo could be tackled by reduced output of some specific gas intensive plants
- Reduced production in 4-5 out of 53 plants could offset Russian gas embargo
- Estimated direct EBITDA effect: €80-120 m p.a. - indirect effects not quantifiable

# Housekeeping items 2022

Capex 2022: ~€500 m (excl. IFF MC)

Operational D&A 2022: ~€550 m (excl. IFF MC)

Reconciliation 2022: ~€180 m incl. remnant costs and re-occurring expenses

Underlying tax rate: ~28%

Exceptionals 2022: ~€100 m based on current initiatives

FX sensitivity: One cent change of USD/EUR resulting in ~€7 m EBITDA pre impact before hedging

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# Financial Overview Q1 2022

in € million

	LANXESS			Advanced Intermed.			Specialty Additives			Consumer Protection			Engineering Materials			Others/ Cons.		
	Q1/2021	Q1/2022	Chg. in %	Q1/2021	Q1/2022	Chg. in %	Q1/2021	Q1/2022	Chg. in %	Q1/2021	Q1/2022	Chg. in %	Q1/2021	Q1/2022	Chg. in %	Q1/2021	Q1/2022	Chg. in %
<b>Sales</b>	<b>1,693</b>	<b>2,432</b>	<b>44%</b>	<b>452</b>	<b>613</b>	<b>36%</b>	<b>517</b>	<b>730</b>	<b>41%</b>	<b>341</b>	<b>506</b>	<b>48%</b>	<b>377</b>	<b>576</b>	<b>53%</b>	<b>6</b>	<b>7</b>	<b>17%</b>
Price*			30.9%			35.8%			22.4%			17.6%			49.1%			0.0%
Volume*			1.1%			-3.3%			9.7%			-3.8%			-1.1%			16.7%
Currency*			4.2%			3.1%			5.8%			2.6%			4.8%			0.0%
Portfolio*			7.5%			0.0%			3.3%			32.0%			0.0%			0.0%
<b>EBIT</b>	<b>98</b>	<b>156</b>	<b>59%</b>	<b>43</b>	<b>59</b>	<b>37%</b>	<b>31</b>	<b>92</b>	<b>&gt;100%</b>	<b>55</b>	<b>48</b>	<b>-13%</b>	<b>42</b>	<b>49</b>	<b>17%</b>	<b>-73</b>	<b>-92</b>	<b>-26%</b>
Deprec. & amortizat.	117	139	19%	27	28	4%	41	44	7%	21	37	76%	17	18	6%	11	12	9%
<b>EBITDA</b>	<b>215</b>	<b>295</b>	<b>37%</b>	<b>70</b>	<b>87</b>	<b>24%</b>	<b>72</b>	<b>136</b>	<b>89%</b>	<b>76</b>	<b>85</b>	<b>12%</b>	<b>59</b>	<b>67</b>	<b>14%</b>	<b>-62</b>	<b>-80</b>	<b>-29%</b>
exceptionals in EBITDA	27	25	-7%	0	0	-	2	0	-100%	0	1	>100%	0	0	-	25	24	-4%
<b>EBITDA pre excep.</b>	<b>242</b>	<b>320</b>	<b>32%</b>	<b>70</b>	<b>87</b>	<b>24%</b>	<b>74</b>	<b>136</b>	<b>84%</b>	<b>76</b>	<b>86</b>	<b>13%</b>	<b>59</b>	<b>67</b>	<b>14%</b>	<b>-37</b>	<b>-56</b>	<b>-51%</b>
normalized D&A	117	138	18%	27	28	4%	41	44	7%	21	37	76%	17	18	6%	11	11	0%
<b>EBIT pre excep.</b>	<b>125</b>	<b>182</b>	<b>46%</b>	<b>43</b>	<b>59</b>	<b>37%</b>	<b>33</b>	<b>92</b>	<b>&gt;100%</b>	<b>55</b>	<b>49</b>	<b>-11%</b>	<b>42</b>	<b>49</b>	<b>17%</b>	<b>-48</b>	<b>-67</b>	<b>-40%</b>
exceptionals in EBIT	27	26	-4%	0	0	-	2	0	-100%	0	1	>100%	0	0	-	25	25	0%
<b>Capex</b>	<b>70</b>	<b>63</b>	<b>-10%</b>	<b>20</b>	<b>18</b>	<b>-10%</b>	<b>16</b>	<b>13</b>	<b>-19%</b>	<b>14</b>	<b>23</b>	<b>64%</b>	<b>10</b>	<b>5</b>	<b>-50%</b>	<b>10</b>	<b>4</b>	<b>-60%</b>
Net financial debt	2,245	2,501	11%															

\* approximate numbers

# Cash Flow Statement Q1 2022

€ million	Q1 2021	Q1 2022
<b>Income before income taxes</b>	<b>85</b>	<b>134</b>
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	117	139
Gains on disposals of intangible assets and property, plant and equipment	0	0
Financial losses (gains)	10	19
Income taxes paid/refunded	(31)	25
Changes in inventories	(35)	(242)
Changes in trade receivables	(131)	(249)
Changes in trade payables	20	(29)
Changes in other assets and liabilities	(2)	26
<b>Net cash (used in) provided by operating activities – continuing operations</b>	<b>33</b>	<b>(177)</b>
<b>Net cash used in operating activities – discontinued operations</b>	<b>(1)</b>	<b>(4)</b>
<b>Net cash (used in) provided by operating activities – total</b>	<b>32</b>	<b>(181)</b>
Cash outflows for purchases of intangible assets and property, plant and equipment	(70)	(63)
Cash inflows from sales of intangible assets and property, plant and equipment	0	1
Cash outflows for financial and other assets held for investment purposes	(152)	(892)
Cash inflows from financial and other assets held for investment purposes	756	100
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	(8)	(3)
Interest and dividends received	4	3

€ million	Q1 2021	Q1 2022
<b>Net cash (used in) provided by investing activities – continuing operations</b>	<b>530</b>	<b>(854)</b>
<b>Net cash used in investing activities – discontinued operations</b>	<b>0</b>	<b>-</b>
<b>Net cash (used in) provided by investing activities – total</b>	<b>530</b>	<b>(854)</b>
Proceeds from borrowings	-	910
Repayments of borrowings	(11)	(15)
Interest paid and other financial disbursements	(2)	(2)
<b>Net cash (used in) provided by financing activities – continuing operations</b>	<b>(13)</b>	<b>893</b>
<b>Net cash used in financing activities – discontinued operations</b>	<b>0</b>	<b>-</b>
<b>Net cash (used in) provided by financing activities – total</b>	<b>(13)</b>	<b>893</b>
<b>Change in cash and cash equivalents – continuing operations</b>	<b>550</b>	<b>(138)</b>
<b>Change in cash and cash equivalents – discontinued operations</b>	<b>(1)</b>	<b>(4)</b>
<b>Change in cash and cash equivalents – total</b>	<b>549</b>	<b>(142)</b>
Cash and cash equivalents at beginning of period – total	271	643
Exchange differences and other changes in cash and cash equivalents – total	4	2
<b>Cash and cash equivalents at end of period – total</b>	<b>824</b>	<b>503</b>
of which continuing operations	821	503
of which discontinued operations	3	-

# Income Statement Q1 2022

in € million	Q1/2021	Q1/2022	Chg. in %
Sales	1,693	2,432	44%
Cost of sales	-1,266	-1,865	-47%
Gross profit	427	567	33%
Selling expenses	-208	-275	-32%
Research and development expenses	-27	-29	-7%
General administration expenses	-73	-78	-7%
Other operating income	14	9	-36%
Other operating expenses	-35	-38	-9%
<b>Operating result (EBIT)</b>	<b>98</b>	<b>156</b>	<b>59%</b>
Income from investments accounted for using the equity method	0	0	-
Interest income	1	1	0%
Interest expense	-16	-17	-6%
Other financial income and expense	2	-6	>-100%
<b>Financial result</b>	<b>-13</b>	<b>-22</b>	<b>-69%</b>
<b>Income before income taxes</b>	<b>85</b>	<b>134</b>	<b>58%</b>
Income taxes	-22	-36	-64%
<b>Income after income tax from continuing operations</b>	<b>63</b>	<b>98</b>	<b>56%</b>
<b>Income after income tax from discontinued operations</b>	<b>1</b>	<b>0</b>	<b>-100%</b>
<b>Income after income taxes</b>	<b>64</b>	<b>98</b>	<b>53%</b>
of which attributable to non-controlling interests	0	0	0%
<b>Net income (attributable to LANXESS AG stockholders)</b>	<b>64</b>	<b>98</b>	<b>53%</b>
<b>EPS (in €)*</b>	<b>0.73</b>	<b>1.13</b>	<b>55%</b>
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	1.17	1.63	39%

\* continuing operations only

## Abbreviations:

### Advanced Intermediates:

**AI** Advanced Industrial Intermediates

**IPG** Inorganic Pigments

### Specialty Additives

**LAB** Lubricant Additives Business

**PLA** Polymer Additives

**RCH** Rhein Chemie

### Consumer Protection

**F&F** Flavors & Fragrances

**LPT** Liquid Purification Technologies

**MPP** Material Protection Products

**SGO** Saltigo

### Engineering Materials

**HPM** High Performance Materials

**URE** Urethane Systems